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C O N F I D E N T I A L SECTION 01 OF 05 NEW DELHI 002229

SIPDIS

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E.O. 12958: DECL: 03/31/2016

TAGS: PREL PTER EINV ETRD ENRG EPET IN BG

SUBJECT: GOI GETS GOOD ATMOSPHERICS BUT LITTLE SUBSTANCE
FROM BANGLA PM'S VISIT

REF: A. NEW DELHI 1850

1B. DHAKA 1159

1C. DHAKA 1053

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Classified By: PolCouns Geoff Pyatt, for Reasons 1.4 (B, D)

11. (C) Summary: The GOI went to great lengths to cast a positive glow over Bangladesh Prime Minister Zia's March 20-22 visit to New Delhi in an effort to improve the tone of the bilateral relationship. Our MEA contacts lamented that this positive turn-around came just in time for Zia's lame duck period. However, commentators were quick to notice that little substance came out of the exchange. Despite the high-visibility visit, the only agreements the two sides signed renewed their trade relationship and pledged cooperation in preventing drug trafficking. Tough issues, including security, water, trade, and investment, were left to future meetings. India will have to keep courting Bangladesh to soften Dhaka's negative perception of India, but key Indian officials have recognized that is what the bigger power has to do. It is clearly PM Singh's desire to see progress with Bangladesh, no matter how distasteful conciliation may appear to the Indian security establishment.
End Summary.

Achieving "Greater Understanding"

12. (C) Prime Minister Zia, her Finance Minister, and her Foreign Minister met with Prime Minister Singh, President

Kalam, Vice President Shekhawat, Sonia Gandhi, Commerce Minister Nath, Opposition Leader Advani, and the Chief Minister of Mizoram. The Bangladeshi delegation's March 20-22 visit to New Delhi was light on deliverables, but the Prime Ministers' joint press statement claimed it resulted in "greater understanding and appreciating for each other's point of view" (Ref A). Ministry of External Affairs Joint Secretary for Bangladesh, Sri Lanka, Maldives and Myanmar

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Mohan Kumar acknowledged to Polcouns and Poloff on March 30 that Zia's visit did not result in a dramatic breakthrough, but he asserted that the Prime Ministers "have found a new chemistry." Kumar called the timing "late in the day," as Zia's visit came at the end of her term in office, and she will hand power over to a caretaker government in October. Nonetheless, the Joint Secretary said that he thought the positive feeling generated by the visit had helped remove the widely-held perception that the GOI would deal only with the opposition Awami League led by Prime Minister Zia's rival, Sheikh Hasina. Kumar also praised the revival of bilateral institutional mechanisms, including the Joint Rivers Commission, the Joint Economic Commission, the Joint Working Group on Trade, which he said would resume meeting at least once per year after a lapse of three years, and the half-yearly Home Secretaries' meeting, as signs that the relationship could be repaired. Kumar went on to note that Singh and Zia had committed to monitoring the progress of these working groups and to meeting to discuss and offer political guidance to keep these initiatives moving forward.

¶3. (C) The non-government assessment was less hopeful. Ajai Sahni of the Institute of Conflict Management said the GOI is pursuing a "nice guy" approach to Bangladesh. Sahni told Poloff on March 23 that the leading foreign policy "faction" in the government (read: the Prime Minister) believes that

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some unilateral concessions will gain Dhaka's good will, while another group feels that economics will succeed where diplomacy has failed. These attitudes explain in large part why Indian officials refrained publicly from pressing Zia and her advisors on GOI security concerns, including insurgent groups in north-east India, terrorists taking refuge in Bangladesh, and border tensions.

GOI Quietly Focused on Security

¶4. (C) Although the GOI stuck to positives in public, Kumar told Polcouns that Indian officials privately raised the GOI's concerns about illegal immigration, support to Indian insurgents, and terrorism with Zia and her delegation. The GOI was careful to avoid implicating the BDG in security issues, Kumar said, because "it is so hard to prove," but Indian interlocutors told the delegation that they see a "worrying trend" of Bangladeshi involvement in the recent bomb blasts in Delhi, Bangalore and Varanasi. Kumar said that the GOI and BDG have a "rhetorical commitment" to fighting terrorism, and they will share real-time information with the BDG on a trial basis to see if doing so helps address Indian concerns. The GOI also tried to convince Zia and her advisors that the BDG cannot afford to ignore or allow terrorist activity within its borders without getting burned, and Kumar noted that "this seemed to register, but you never know."

Implications of Arrests

¶5. (C) Counseling caution pending BDG progress in the recent arrests of senior Jammatul Mujahedin Bangladesh (JMB) leaders Bangla Bhai and Sheikh Abdur Rahman (Refs B and C), Kumar asserted that the arrests were driven in large part by U.S. pressure. He stated that the GOI would measure Bangladesh's sincerity by how many of the details of the cases the BDG is

willing to share. Kumar predicted that electoral politics would complicate cooperation, as Zia's Bangladesh Nationalist Party (BNP) is "terribly reliant" on its alliance with the Jamaat-e-Islami (JI), which he said is linked to the JMB. Kumar closed by urging the U.S. to keep pressure on Bangladesh and agreed with Polcouns that it is important for the GOI to coordinate its efforts with the U.S.

A Missed Opportunity for Magnanimity?

¶ 6. (C) Sreeradha Datta of the Institute for Defence Studies and Analyses and Suhas Chakma, Director of the Asian Centre for Human Rights brushed over GOI security concerns and asserted that the Prime Minister is one of the only people in the GOI thinking strategically about Bangladesh and the "long term imperative." As Sahni maintained, most officials are "lost in the moment." Datta told Poloff on March 24 that the visit was "worthless," and the GOI missed an opportunity to demonstrate its desire to engage with Bangladesh. She was critical of the GOI's "lack of imagination," saying that it would have been in India's interests to do something for Zia and the BNP because "we still have to live with the country." Datta asserted that many within the GOI think of the Bangladesh relationship in simple quid pro quo terms rather than as a long-term relationship. Although acknowledging

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past GOI efforts to ascertain what Bangladesh wants from India, Datta urged the Indian side to work harder to address Bangladeshi insecurities.

Giving to Get: The Rationale

¶ 7. (C) Chakma provided similar comments in a March 23 conversation with Poloff, saying that Bangladesh is loathe to give up its limited leverage on India, including the prospect of natural gas sales. In a March 30 editorial, G. Parthasarathy, a prominent regional security expert at the Center for Policy Research, pointed out that India "sullies its image as an emerging economic powerhouse" by maintaining regional trade barriers, and urged India to take an accommodative approach to the broad range of issues that have mired New Delhi's relationship with Dhaka.

The Price of Better Ties

¶ 8. (C) Anwarul Haq, the Press Minister at the Bangladesh High Commission in New Delhi, claimed that India could vastly improve the bilateral relationship by removing non-tariff barriers to trade, offering a "fair price" for gas, and granting transit rights for Bangladesh to reach Nepal and Bhutan. IDSA's Datta asserted that perceived Bangladeshi indifference should not prevent Indian efforts to engage. She pointed to China's relationship with Bangladesh, noting that whatever the worth of the gestures, magnanimity from the larger partner goes a long way in advancing positive ties.

No Real Change Before Bangla Polls

¶ 9. (C) Kumar said he thought Zia would focus on winning the national elections, which should take place late this year, ahead of addressing Indian concerns. Indian commentators viewed the visit's potential to improve ties with skepticism. Chakma and Datta both assessed that Zia's visit was purely for "public consumption" as Zia attempts to strengthen her domestic standing before elections later this year. In their estimation, a BNP win would bode well for the India/Bangladesh relationship, as it would free Zia of domestic constraints and allow her more flexibility with the GOI.

¶ 10. (C) Datta also noted that it is a widely held Indian

view that if Zia were serious about improving ties with India, she would have visited New Delhi well before the end of her term. Datta speculated that Zia came to New Delhi to seek GOI support for her reelection bid, with the proviso that she will not sign agreements that India is seeking until she is returned to power. Chakma suggested that the terrorist attacks inside Bangladesh could also, perversely, work to India's advantage by putting pressure on Zia to work with India to address the security situation.

Skepticism Abounds Among Bangla Watchers

¶11. (C) Sahni was much more pessimistic, noting that most bilateral issues need to be addressed at the working level, where the relationship is fraught with acrimony. He called

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the Bangladeshis even more hostile than the Pakistanis, saying, "they can't even hide it." Echoing Sahni, Parthasarathy wrote that the BNP gets so much mileage out of anti-Indian rhetoric and policies, that it would be a mistake to expect a real shift in the BDG's attitude any time soon. An exchange of fire between India's Border Security Force and the Bangladesh Rifles during Zia's visit seemed to underscore Sahni and Parthasarathy's contentions.

¶12. (C) Comments from Bangladeshi diplomat Haq reflected the lingering insecurities to which Chakma and Datta referred. The journalist-turned-diplomat told Poloff on March 28 that "no government in Bangladesh could engage with India the way we'd like to" because the Indian attitude toward its eastern neighbor "creates hurt, resentment, dissatisfaction, and suspicion." Haq asserted that Zia urged Prime Minister Singh to buy natural gas from Bangladesh, but India is no longer interested. He said that the proposed investment of about USD 2.5 billion by Indian conglomerate Tata in a steel plant in Bangladesh is neither commercially nor politically viable because the Indian company is offering to pay too low a price for the natural gas it wants to power the proposed steel plant. Haq focused on India's missteps in the relationship. The GOI is "an elephant with small eyes," he asserted, adding that India must seek the ear of its neighbors. He accused the GOI of "putting fire in the houses of all its neighbors," and said that the insurgencies in India's northeastern states were "being thrust upon" Bangladesh.

¶13. (C) Notwithstanding calls for generosity from the likes of Datta and Chakma, other influential commentators, including Sahni and Parthasarty, advocate a tougher approach that still holds sway in India. Even as Sahni asserted the Bangladesh government's inability to run the country, he called on the GOI and others to cut the BDG off financially to force the government to address Indian security concerns. Though more nuanced, Parthasarthy also pushed for a "carrot and stick" approach in which the GOI would "raise the costs domestically, diplomatically, strategically and economically" for Bangladesh, absent actions taken to address India's security concerns. Although such thinking is understandable, it is unlikely to facilitate senior Indian leaders' efforts to improve ties with Bangladesh.

Comment: The Ball Remains in India's Court

¶14. (C) Zia's visit and the resulting lack of concrete agreements indicate that the ball remains in India's court to repair the Bangladesh relationship. Regardless of the prevalent Indian view that it is now time for Bangladesh to return Indian favors, it appears that India will have to give--and keep giving--before it gets anything back from a seemingly reluctant or politically ham-strung administration in Dhaka. Prime Minister Singh's ability to secure a positive relationship with Bangladesh will depend on his ability to make Bangladesh a priority for the GOI, make this priority clear to the BDG, and provide concrete concessions

to Bangladesh, no matter how obdurate Dhaka behaves, and no matter how distasteful the GOI finds it to be magnanimous to a smaller power that openly resents it.

¶15. (U) Visit New Delhi's Classified Website:
(<http://www.state.sgov.gov/p/sa/newdelhi/>)

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